OSWEGO BOARD OF TRADE.

RECIPROCITY

WITH

British North America

VINDICATED.

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Reciprocity with British North America.

THE Committee of the Oswego Board of Trade, to whom was referred the subject of the Treaty of Reciprocity with Great Britain and her North American Provinces, together with the Proceedings of the Board of Trade of Chicago thereon, beg leave to Report:

That they have examined the Report of the Hon. ISRAEL T. HATCH to the Treasury Department, which prompted the action of the Chicago Board of Trade, and which has brought the subject of the Treaty before the public for discussion.

Your Committee premise that they have found it difficult to imagine why this Commission of Mr. HATCH and Mr. TAYLOR, was instituted by the Department without any popular call or legislative prompting, at a time, too, when the Treaty was vindicating its own merits, and was apparently satisfying all parties.

Mr. HATCH'S labored and protracted investigation results in his own conviction that all the benefits of this Treaty inure to the British Provinces, while it inflicts great injuries upon the United States; that its operation is unequal and unjust, containing no single element of Reciprocity. And to crown all, Canada, in his opinion, has violated the Treaty. To enforce and fortify these conclusions, Mr. HATCH has elaborated his Report in a pamphlet of forty-six pages.

Mr. TAYLOR makes a brief Report to the same Department, with different results. He believes the Treaty confers reciprocal benefits upon both, or all the contracting parties, and that its provisions have been violated by none.

Your Committee concur in opinion with Mr. TAYLOR, and hope by a brief, but careful examination of the provisions and working of the Treaty, to establish the fact that its benefits are reciprocal and universal, so far as their operations extend.

Before entering upon the discussion of this Treaty, a brief allusion to the former commercial relations of Great Britain and the United States, will be appropriate.

The famous Navigation Laws of Great Britain are familiar to commercial men. Their origin was in 1651, their object, the monopoly of her own trade and that of her Colonies, to the exclusion of all other Nations. By their operation she drove Holland, her principal rival, from the Ocean during the last century; and when by Treaty she acknowledged our Independence, she applied the system to us in all its rigor, subsequently modified a little by an occasional Treaty, relaxed and enforced by orders in Council, as the exigencies of war, famine, or plenty, dictated. Her utmost skill was exerted to cripple and restrict our trade, and ours to counteract and defeat her measures. We followed her enactments step by step, by retaliation and sharp reprisal, down to 1849, when, instead of driving us from the Ocean, as had been the fate of Holland, we had, under this damaging warfare, well nigh divided the trade of the world with her, having at the present time attained equal tonnage with the mistress of the seas.

In 1849, Sir ROBERT PEEL swept these ancient and odious Navigation Laws from the British Statutes, with the exception of some slight remnants. Our retaliating measures fell with them,—we having enacted a law in the early part of the present century, tendering reciprocal free trade to all, and under it, had formed Treaties of Commerce with several European Nations.

Sir ROBERT yielded this conflict in the most gracious manner possible. While abrogating her Navigation Laws

and her long cherished Corn Laws, Great Britain opened her ports to the admission of most of the raw materials for manufactures, and all agricultural products, free of duty, other than nominal duties, to preserve a record of trade; demanding no equivalent, and stipulating for no relaxation of restrictions or duties in return for this boon.

Another commercial movement in the same direction preceded this two years. In 1847, Great Britain withdrew her protection of the trade, and her pupilage over her North American Colonies, withholding her bounty or discriminating duty on Colonial products, and on trade through the St. Lawrence, with the exception of square timber, (which till the last year enjoyed a greatly diminished bounty or protection, now wholly withdrawn); Canada was left free to regulate her own trade, and construct her own tariff. Availing herself of her newly acquired power, she raised the duty on British manufactures from 5 to 7½ per cent. and reduced duties on our manufactures from 12 to 7½ per cent., thus abolishing differential duties. She also tendered us by legislation, reciprocal free trade in all the commodities of the two countries, which we did not accept.

Such was the condition of things in Great Britain and her American Colonies, and such our relations with both in 1854, when the Treaty of Reciprocity was negotiated and ratified, each province being a party, and ratifying for itself.

This Treaty provides for the free navigation of the St. Lawrence, Lake Michigan, and the Canals of Canada; abrogates the restrictions on the Fisheries, and exempts from duty the following natural products, viz: of the Sea, of Mines, of the Forest, of Animals and their products, and of the Soil.

It is not alleged, so far as regards the free articles of the Schedule, that the Treaty has not been carried out in good faith by all parties; but Mr. HATCH avers that it has been violated in spirit and letter by Canada, in her tariff of duties

on our manufactures, and on foreign products which she has been accustomed to purchase in our markets, and also in circumventing our Debenture Laws, and in thwarting our restrictions on Lake coasters. Your Committee will address themselves to these infractions of the Treaty before they examine its working and its merits.

TREATY VIOLATED.

Mr. HATCH says, a treaty broken is a treaty no longer; and proceeds to show that Canada has violated this Treaty by raising her tariff of duties on our manufactures (from 12 to an average of 16 per cent. according to Mr. TAYLOR), and also by protective and discriminating duties, intended to shut out our manufactures from her markets, and divert our trade from its accustomed channels. This being the great feature of his Report, has been sedulously labored and skillfully elaborated through many pages of the work.

Canada, like the State of New York, has embarked in an expensive system of Canals, without much regard to revenue. Both parties, and both systems were avowed rivals, and competitors for the same trade, viz: the trade of each other and the trade of the West beyond and remote from both. New York in this sharp competition has embarrassed herself, and has been driven for relief to direct taxation; but for the Federal Government standing in her way, she would have sought this relief in the more secret and insidious method of taxing imports and consumption.

Canada has even outdone us in extravagance and improvidence, and has well nigh swamped herself; not only by her unproductive Canals, but she too, like ourselves, has committed the folly of subsidizing her railroads; not like us, to the tune of three or four, but twenty millions, and all hopelessly sunk.

She must seek relief in revenue or repudiation. More fortunate than New York, the Imperial Government having left the door wide open for indirect taxation; she has taken

a leaf from our federal book, and imposed taxes on imported manufactures, and other products, almost as heavy as our federal impositions. Hers average, according to Mr. TAYLOR, 16, while ours average 21 per cent., ours being still some 25 per cent. higher than hers. She has also copied another feature from our book, that of protection to domestic industry, to render herself independent of both Old and New England.

Of her *revenue* tariff, prompted by poverty, we have no right to complain. *Protection* is a problem for her to solve. Whether it is wise for a young people, like Canada, with illimitable forests, an ample and growing market at her door for her sawed lumber, and an unlimited market across the Ocean for her squared timber, with a soil productive of bread, and in England and the Lower Colonies an ample market, whether it reaches them through the Hudson or the St. Lawrence ; with labor dear, and capital scarce ; whether it is wise for such a people to seek a change of industry by copying from Old or even New England, time must demonstrate.

Mr. HATCH not only charges the infraction of the Treaty upon this tariff, but represents it as a breach of faith, an act of ingratitude after receiving the benefits of the Treaty, and a great wrong inflicted upon us.

It should be recollected that Canada suddenly awoke from her splendid dream of monopoly, to find herself loaded with a debt of fifty million of dollars, sixteen of which was sunk in the crowning folly of the Grand Trunk Railway ; with an annual deficit of four millions of revenue. It matters little to us whether she imposes this deficit upon her consumption, including our manufactures and those of Great Britain, or whether she raises the required revenue by direct taxation, both impoverish her alike, and lessen her ability to purchase and consume our products. But Mr. HATCH presses this grievous wrong and imposition into his

service with skill and industry, reiterates the charge with every variety of expression, such as "taxing our labor to build works to rival and rob us of our commerce;" "by imposing extraordinary taxes upon the products of American industry, she is compelling us to bear her burdens, created to sustain gigantic rivalries, worthy of Imperial ambition, for supremacy by land and water over our inland commerce, and for the grave influence which thus may be exercised upon our political career," leaving the impression that we are a greatly injured Nation, and that too, by a people on whom we have just bestowed boundless benefits.

In pushing his complaints so far, he has betrayed Mr. ELY into the avowal in his Congressional speech, *that we pay these duties, not Canada.*

The plain English of all this declamation is, that Canada takes three or four millions of our fabrics and products for consumption, imposing upon herself through her tariff, a heavy duty.

England, too, is subjected to the same imposition and the same suffering, and bears it with becoming equanimity, and would willingly relieve "the fruits of our industry," as Mr. HATCH has it, from these impositions, by furnishing these three or four millions herself, to be taxed as best suits the interest or theories of Canada.

We desire to treat Mr. HATCH with the respect due to his talents and his position, but if he will indulge in claptrap he must not ask us to treat it with the gravity of an argument.

If it is a great wrong to impose duties on our manufactures, it must be right to protect and fabricate them for herself, yet here, too, Mr. HATCH finds a fruitful topic of complaint. Here lies the sum and substance of the infraction of the Treaty. The parties agree to exchange *bread* and *meat* without duty, and forthwith Canada raises her-

duty on *cotton fabrics* and *whisky*, which were not embraced in the free Schedule.

Had Mr. MORREL'S bill passed Congress, raising duties and imposing specific and protective duties on similar articles, we too, should have come under Mr. HATCH'S charge of Treaty breakers.

Although a union exists between Canada East and Canada West, there is not harmony. The Lower Province found when the staple and other natural products of Upper Canada were relieved from duty, and from the formalities and expenses of our debenture bonds, that a strong impulse was given to her trade with us, and through us with the Lower Provinces and Great Britain. To counteract this tendency, and force her trade and allure ours to the St. Lawrence, the undue power of Lower Canada, which was paramount in the union, was called into requisition, and arrayed against Canada West and our channels of trade. The gratuitous use of her locks and canals was tendered to the trade of the St. Lawrence, and her discriminating duties were shaped to promote it. This Legislation, unfriendly and unwise, as your Committee believe, has well nigh proved abortive. The Montreal *Herald* reports the arrival to Sept. 27th, 1854, (the first year of Reciprocity), 258 vessels, tonnage 71,072; and 1860, 140 vessels, tonnage 82,460, and this is the port at which the provincial trade centers, with the exception of the timber trade of Quebec; no more than a natural increase of trade without the effect of discrimination.

Mr. HATCH'S remedy, or retaliation for this hostility from one-half of one of these five contracting parties is, to abrogate the Treaty with all; revive our duties, retire from the St. Lawrence, withdraw our debenture facilities from Upper Canada, and thus *compel* her to trade through the St. Lawrence, playing into the hands of Lower Canada, a system of non-intercourse, which would reduce a trade of more than forty to less than ten millions again.

We cannot, in justice to our citizens and our creditors counteract these measures by the gratuitous use of our locks and canals ; but your Committee believe sound wisdom dictates that we cherish free trade with all the Provinces ; counteract their protective and discriminating policy by continued and increased facilities in our own, and to other markets through our channels. We would drive them from the forge and the anvil, to the forest and the saw mill, by buying their boards ; and from the spindle and loom, to the plough, by transporting its products through the cheapest channel to the best market. A little patience and good temper on our part will set all right.

Canada West with her fine climate, rich soil, and commercial capabilities will grow populous and rich, and soon assert and maintain her rights, and under a liberal and just policy, minister largely to our prosperity. She is already taking efficient measures to reform the Government and secure the power due to her population.

CANAL AND RAILWAY RIVALRY.

Mr. HATCH inculcates the theory with zeal and industry, that the two Canadas, the British capitalist, and the Imperial Government, have combined to monopolize the trade of the far West, by means of Canals and Railroads, without regard to income or profit.

The same theory has been widely propagated by our Railroads, and great merit claimed for counteracting this gigantic monopoly. Mr. HATCH says, page 34: "The changes to be produced by this grasping monopoly will be developed with the rapidity characteristic of modern times. They will include the whole system of our commercial industry."

Again, page 35, "This vast commercial struggle where monopoly is the end to be gained, must terminate in a colossal combination of American capital and ability, or the

field must be abandoned to their Royal rival." Here we have eloquent declamation to propagate a bald fiction.

Canada, one of the British Provinces, has inaugurated a system of Canals with her own means, and her own credit, "out of all proportion to her wants," as Mr. HATCH avers, looking to the trade of the West.

New York, one of the United States, has done precisely the same thing, the magnitude of her works is out of all proportion to her wants. The Railroads of both Canada and New York are constructed and managed by private capitalists, and both upon the same scale, and looking to the far West for patronage; the New York Roads subsidized moderately, and the Canadian largely by the Local Governments. All were gainful schemes, many have proved delusive ones; none have been prompted by politics or patriotism. It is believed that more British capital is embarked in our Railroads and Canals, seeking Western trade, than in similar Canadian works.

The British Government constructed the Rideau Canal, 127 miles in length, soon after the War, from her military chest; it is in no sense a rival for trade. The Commissioners of the Board of Works say in their Report, December, 1859, page 23, that "the work was handed over to this Department in a dilapidated condition, demanding a large expenditure of money; that its revenues are derived chiefly from local traffic, lumber, iron ore," &c. Herein is comprised the much bruited Royal monopoly, the Imperial prodigality to ruin our trade and drive us from the field.

It should be remembered, if all these fears are realized, if British capital could be enlisted to build and maintain Roads and Canals, and tender them to commerce gratuitously, and thus furnish the cheap channel for trade between the Atlantic and the lakes, even then, the *major* interest of the Lake region would be promoted, the *minor* interest only injured. The Agriculturist, the great producer and

consumer, would enjoy this bounty, this free road to market, while the defeated lines of commerce would suffer a diminution of patronage, and be compelled to turn over their supernumeraries to the more favored occupation.

The Rochester boat builder and the Buffalo and Oswego boatmen must turn farmers, but the lake coaster would still pursue the trade to Montreal and Quebec, and the Atlantic ship would compete for it at Quebec and Portland. New York city might suffer, but Detroit and Milwaukee need not be alarmed. The day for protection and monopoly has gone by. The Grand Trunk, with its magnificent and alarming proportions, must sustain itself or sink. Canada is paralysed and cannot come to its relief. British capital will no longer bear depleting, and Great Britain, under a revised and liberal policy, has secured a large share of the trade of our Continent, and cares not whether it reaches her through the St. Lawrence, the Hudson, or the Chesapeake; knowing, as she does, that the more numerous its competing channels, the more they minister to the prosperity of herself and her Colonies.

The Montreal *Witness*, in a recent issue, says, "The affairs of the Grand Trunk Railway appear to be approaching a crisis, and it is generally anticipated that the whole concern will have to be sold for debt." The same article attributes its misfortunes to bad and corrupt management and they might have added appropriately, from Mr. HATCH'S Report, that they transported flour from the Mississippi to Portland, for prices fabulously low.

In discussing the merits and working of the Treaty, the following heads may be disposed of briefly, as it is believed nobody complains of them but Mr. HATCH, viz: THE FISHERIES, THE ST. LAWRENCE, ANIMALS AND MINERALS.

In relation to the FISHERIES, all will admit that a subject of National disquietude has been disposed of. A branch of

industry, though regulated by Treaty, demanding to be watched over by the men-of-war of both contracting parties was troublesome and dangerous. The duty of this hostile armament was to keep the fisherman to the prescribed line in pursuit of his game, which line was on the Ocean at a definite number of leagues or miles from head lands and bays. A better contrivance to embroil friendly Nations in war could not have been devised by the wit of man. It matters but little who catch the fish, provided the consumer can have them at a cheap rate, free from duty. As a school for seamen, its effects are neutralized, when each maratime Nation protects is own fisheries.

Of the ST. LAWRENCE, while exclusively navigated by Great Britain, it has been the fashion to disparage its value and importance, on account of its high latitude, environed and crowded by Islands, ice bound and befogged for half the year. But since we have acquired a right to this channel by Treaty, by abrogation of the English Navigation Laws, and by modern international law, as expounded at Vienna by the Congress of Sovereigns in 1815, it is pertinent to enquire whether it is as worthless as Mr. HATCH and his coadjutors would make it. The American lakes and their outlet occupy a section of that belt which carries forward the entire commerce of the Globe; their latitude not as high as that of the English Islands, or the Baltic Sea. The navigation of Ontario and the St. Lawrence is *practicable* as long as that of the Hudson, and is *safe and profitable* for the same period of the year, as that of Lake Erie and the Erie Canal. The Summer temperature of the North invites and allures the traffic of the vallies of the lakes, and the Upper Mississippi, through the Gulf of St. Lawrence, while the fervid heat of the South repels this trade through the Gulf of Mexico. Winter reverses this traffic. Nature has established reciprocity among all the channels of commerce, and forbids our impeding any by selfish and hostile enactments.

For most of the period since we became a Nation, Quebec has been the field of more traffic, and the resort of more foreign tonnage than any other port on the Continent. When the St. Lawrence was improved at great expense, the inland and coasting trade alone was provided for. It is estimated by the Board of Works that another foot of water may be obtained through this channel at the moderate cost of a million of dollars, conforming it in depth to the Welland Canal, greatly promoting the Lake and Atlantic trade, and rendering it far more effective than the gratuitous use of locks. It cannot be doubted that with its slight improvement, and some modification in the structure of our lake coasters, a large amount of tonnage will seek the Atlantic markets through this channel, during the Summer, as regular traders, and a much larger amount as Winter approaches, to secure occupation in milder climates. But monopoly is inhibited by climate to any and all routes.

The Detroit *Tribune* in a late issue, gives a list of lake coasters seeking the Atlantic for employment, comprising ten barques, five brigs, forty-one schooners, one propeller, and eight tugs, within the last two years; total tonnage of all, except the tugs, 18,085 tons. Two of the barques and one schooner are Canadian vessels. Two of the schooners only have been wrecked.

Total entries of sea-going vessels for Canada, inwards and outwards, for the year 1859, British, Colonial and Foreign vessels included, number 3,333. Tonnage 1,282,233 tons.

Of ANIMALS AND THEIR PRODUCT, it will be sufficient to say, that the exchanges between Canada and ourselves, seem to balance each other with remarkable accuracy. We copy from Mr. HATCH'S tables:

Imported into Canada.		Imported into United States.	
1856	$2,896,838	1856	$2,875,888
1857	2,184,339	1857	1,974,516
1858	1,464,873	1858	2,281,786
	$6,496,050		$6,561,690

In this trade there seems to be sufficient reciprocity to satisfy the most captious.

MINERALS.

Your Committee are not aware that any other minerals than coal are exchanged under the Treaty. We subjoin the amount of imports and exports for the last three years of the Treaty:

Imported into Canada.		Imported into United States.	
1856	$ 448,984	1856	$84,223
1857	509,494	1857	189,394
1858	324,374	1858	93,405
	$1,322,852		$367,027

Here we find three and one-half times as much Coal exported to Canada from the mines of Pennsylvania, Ohio, and perhaps Northern Virginia, as are imported from England and Nova Scotia to our Atlantic ports. Yet Mr. HATCH would invoke from the federal government a protective and prohibitory duty on this diminutive quantity of Coal; thereby enhancing its cost, and stinting the supply to New England of an article of prime necessity in her rigorous climate, denuded of timber, and destitute of this mineral, so important an element in her manufacturing industry. Mr. HATCH insists that we may impose these duties on our citizens without any fear of similar impositions by Canada on hers. He says, she, too, has a rigid climate, her forests are fast disappearing, her minerals are all metals, and demand our Coal for smelting them; and it would have been in harmnoy with his report, if he had added her future great manufacturing cities, which are to grow up under protective fostering, must have coal. And by the bye, it occurs to us to inquire how New England, with her fuel heavily taxed, is to compete with Canadian manufactures protected by a provident and paternal Government. How is she to furnish the "fruits of her industry," as Mr. HATCH has it, cheap enough to bear Canadian taxation?

This Treaty, in minerals, works in this wise: We import into New England, one hundred and twenty thousand dollars worth of coal per annum. The Federal Government loses duty, probably on half this amount, or 20 per cent. on 60 thousand dollars, being $12,000 per annum, while we open a trade in coal through the Canals and Railroads of New York, Pennsylvania and Ohio, of nearly half a million annually, yielding large revenues to these States, and profitable occupation to their citizens. Pennsylvania coal is now competing at Montreal with that of Liverpool and Nova Scotia, aided by the gratuitous use of the St. Lawrence locks.

PRODUCTS OF THE SOIL AND THE FOREST.

These features of the Treaty demand a more elaborate discussion, from the doubts entertained of their utility, and the opposition provoked by them to its ratification, and also from the hostile attacks upon them since it has been in operation.

Of BREADSTUFFS, the staple of both Canada West and of the States bordering on the lakes, their exchange generally does not involve the question of *revenue* or *consumption*, it is merely a question of commerce or transportation.

Two countries contiguous to each other, producing a surplus of the same commodity, will, when not impeded by artificial means, seek the same markets for this surplus, and through the cheapest channels. Hence, if our entire crop should seek a foreign market through the St. Lawrence, it would in no manner depress or impair the value of the Canada crop. If a single barrel of our flour or many barrels should fall into their consumption, another barrel or an equal number of barrels of Provincial flour would take their place and seek a foreign market. So again, if the Canadian surplus should seek a foreign market through the Hudson, it would, in no manner, affect our farmers or our

revenue. All the clamor, therefore, about the Canadians overwhelming us with breadstuffs, ruining our markets, running a muck with our farmers, taking the bread out of their mouths, and our "carrying coals to Newcastle" when our flour goes to Canada, is idle declamation, mere clap-trap. The truth is, those who provide the best channel for these surpluses, partake most largely of the benefits of the Treaty, and minister most to the prosperity of the producer, whether a subject of the Queen or a citizen of the Republic.

Here we might quote Mr. HATCH, who, in his zeal to establish the inequality of the Treaty, has unwittingly admitted and affirmed its equality and reciprocal working.

Page 24, Mr. HATCH says: "As Canada produces more wheat and flour than she can use, our shipments to her are not made for consumption, but must compel the return of the same or an equivalent to us, chiefly in a manufactured condition, at the expense of the milling interests of this country, or its shipment to Europe in foreign vessels, at the expense of our American bottoms." This is all true, but it happens to be but half the truth. As we too, produce more wheat and flour than we can use, when Canadian wheat and flour come here, it is not for consumption, but must be returned, or its equivalent, chiefly in a manufactured condition, at the expense of the milling interests of Canada, or shipped to Nova Scotia, Great Britain or elsewhere, mostly in American bottoms, at the expense of foreign vessels. Had Mr. HATCH completed the paragraph, and told the whole truth, he would have established our proposition. Thus far, our channels have enjoyed these benefits in a higher degree than those of Canada.

There are, however, some exceptions to the rule here laid down. One branch of this trade, and an important branch, that does not come under the head of transportation or of reciprocity, so far as breadstuffs are concerned is, INDIAN

CORN and its products. During the year ending 30th June, 1859, we exported to Canada, Corn and its products comprising,

Indian Meal, Lard, Pork, Hams and Bacon, of the aggregate value of.....	$1,180,573
Same articles to the other British American Provinces.....	1,127,905
Together.....	$2,308,078

This agricultural product goes into consumption, and is expended largely in their fisheries, lumbering and shipping, and for the manufacture of whisky. This corn and its products go far toward the payment of our imports of the products of the forest ; which in 1858, amounted to $3,290,-383—and this, too, is an article of consumption. An exchange as beneficial to both parties as an exchange of commodities between the tropics and the temperate zone.

Corn is produced in great abundance, and at small cost on the rich bottoms of the Ohio, the Wabash and the Illinois, and matured by a warm climate before the frost overtakes it. While the pine lumber, a necessary article of consumption in building, fencing and manufactures, is produced in a high latitude, on sterile and cheap land.

On lumber, the Federal Government has sacrificed a small amount of revenue, while, by its freedom and expansion, New York has acquired a large canal revenue, and her citizens extensive and profitable occupation.

Our lake shipping share most largely in its transport, and our canals monopolize it.

There is still another exception to this rule, another portion of this exchange of breadstuffs which is reciprocal, and goes into consumption. Canada East consumes largely of the Spring wheat of Wisconsin and Illinois, taking it partly in the berry direct from these States, and partly in flour ground in the State of New York. She prefers this wheat to the fine article from Canada West, partly from habit and partly from economy. She has been accustomed to raise her full supply of this description of grain, but at times,

from failure of crops and diminished culture, she probably draws half her supply for a population of a million, from abroad. A cheap article, exempt from duty, has allured her to our Prairie States for this supply. On the other hand, New England consumes largely of the fine wheat and flour of Canada West, since her accustomed supply of Genesee has failed, and since its exemption from duty, has brought it within her reach.

From an exhibit of the Trade and Commerce of Toronto, (C. W.,) for 1859, we make the following extracts: "The demand for our flour during the past year, has been from Montreal and Quebec for the lower grades, while for fancies and extras, purchases have been mainly made for Boston and other New England markets." Again, "The manufacturing districts of the New England States require a description of flour superior to any that has hitherto been produced in the West."

Of barley it says: "Over 167,000 bushels have been exported the last year; the purchases for export were mainly with a view to the Albany market," (breweries.)

"The import of Indian corn at this point last year, for the manufacture of whisky, amounts to 143,524 bushels, valued at $100,333." Here is reciprocity; with this difference, we obtain the best beverage.

Revive the duty of 20 per cent. on bread, yielding but a paltry revenue to the Federal Government, an extensive and beneficial trade would be broken up. Canada East would be compelled to eat a white and a dear loaf, while New England would have the alternative of a taxed loaf, or a brown one. Illinois and Wisconsin would flood their single market, already overstocked, with Spring wheat. And here we may repeat the question, how is New England to compete with the protected manufactures of Canada, with her bread taxed, as well as her fuel? It is apparent that free

trade in breadstuffs, a subject so fruitful of cavil and clamor, is not so barren of benefits as a superficial observer would imagine. Their exchange for consumption, so far as it goes, is highly beneficial to both parties, the remainder having the choice of the cheapest and best channel to a distant market, exempt from duty, and free from the formalities and expenses of our debenture system.

The free importation of Canada lumber is fraught with benefits to all. On our part, the carrier, the canals and the consumer share largely and directly in these benefits, and the manufactures of New England and New York incidentally. Canada finds appropriate and profitable occupation in its preparation and transport, and derives from its sale an ample fund with which to purchase from us her agricultural implements, her building materials, and staple fabrics for consumption.

Your Committee are not familiar with the lumber trade on the seaboard, but observe in the statistics of trade that we export to the Lower British North American Provinces, pitch pine, locust, hickory, black walnut and oak, which they do not produce; and it is believed that Maine finds some equivalent in the free use of the St. Johns River, for the competition of New Brunswick in the pine lumber trade.

Our DEBENTURE system Mr. HATCH treats as a proffered boon, rejected and thwarted by Canada. So far from a boon, its aim and object was to promote our carrying trade, by alluring to our Atlantic ports the products of other Nations, to be again distributed to their respective markets, exempt from duty, other than a commission or tax of $2\frac{1}{2}$ per cent. Its operation was extended to Canada and New Mexico by act of Congress, August, 1846. Now, inasmuch as Lower Canada has endeavored, by discriminating duties and protective laws, to annul and counteract the operation of this debenture system, and force Canada West, as Mr.

HATCH says, to import her tropical products by a circuit through the St. Lawrence, of a thousand miles, therefore he would annul the law, and *compel* Upper Canada to import and export through this circuitous channel, thus playing into the hands of Lower Canada, and yielding this valuable branch of the carrying trade.

We subjoin extracts from official tables of Canada "Trade and Navigation" for 1859, page 199.

Imported through the United States under debenture bonds, in value		$4,546,491
Of which pays 25 per cent. duty	$ 28,052	
" " 20 and 15 per cent.	4,376,287	
" " 10 and 5 per cent.	120,547	
Purchased in the United States, products of other countries		5,351,865
Foreign products		$9,898,356
Products of United States		12,237,541
Of which pays 25 per cent. duty	$ 140,611	
" " 20 and 15 per cent. duty	2,487,251	
" " 10 and 5 per cent. duty	506,724	
Free goods	8,040,225	
Total imports		$22,135,897

Of the foreign products, tea amounts to 5,825,052 lbs, of the value of $2,071,339, which is imported from China in American bottoms, exported to Canada through our canals and railroads, yielding freight, warehouse charges and mercantile profits. It is difficult to imagine a more suicidal measure than the one proposed by Mr. HATCH, of repealing the Debenture Laws, so far as they relate to Canada.

COASTING TRADE.

The only remaining subject of criticism and complaint is the International Coasting Trade. Mr. HATCH says: "In this competition of shipping, American ship owners run a race in fetters. The staple manufacture of Canada has long been that of ship building for exportation," &c. If this be so, the result tells well for the bottom and speed of the American ship owner.

By referring again to Report of the Canadian Board of Works, page 143, we find the tonnage of the Lakes and St. Lawrence for 1859, divided as follows, viz:

American Vessel, 1,906, Tonnage.... 319,460
Canadian do. 389, do. 70,794

By referring again to Report of "Trade and Navigation" of Canada for 1859, page 275, it appears that the coasting trade to and from 66 Canadian ports, is divided as follows :

Entries inward and outward of American steam and sail vessels,.....Tonnage 4,682,294
do. do. Canadian,..... .....do. 2,858,986
(Ferries excluded.)

The British navigation laws forbid to American vessels the coasting trade of the British North American Provinces, while our retaliatory laws forbid to provincial vessels our coasting trade. All discriminating restrictions on direct trade between these Provinces and the States have been removed, while coasting restrictions have been greatly modified and ameliorated.

We find in United States "Commercial Relations," vol. I, pages 56 and 57, the following remarks; after alluding to the restrictions on trade with the British West and East Indies, it says: "With the North American provinces, however, a system of the most liberal and unrestricted character has been adopted, which, to a great extent, places commercial intercourse between the United States and these provinces on the footing of an unfettered coasting trade." Passenger vessels are allowed to land on the opposite coasts, from point to point; passengers with their baggage, family stores, implements of trade, &c.

The treaty of reciprocity by opening the navigation of the St. Lawrence, the Canals and Lake Michigan, has still further relaxed these restrictions. Our vessels, passing down the St. Lawrence, or through it to the ocean, are obliged to pass several Canadian ports of entry, and are allowed to lighten at the locks, and reload at Montreal or Quebec; or pass the locks partly loaded, and fill up below for a foreign voyage. While through the intervention of the Canadian Railways, a coasting trade is sanctioned, which would otherwise be unlawful. A voyage from Mich-

igan to New York in a Canadian bottom would not be lawful, but a voyage from Chicago to Port Sarnia, Windsor or Port Colbourn on lakes Huron and Erie, and again from Hamilton or Port Dalhousie on Lake Ontario to a New York port, would be lawful, though the identical goods may have constituted the freight for both voyages, having passed from the upper to the lower lakes by a railway. The same license or latitude would be extended to an American bottom if similar cases should occur, which, from the nature of the trade are not so frequent.

From the tenor of Mr. HATCH's argument, the impression is left on the general reader, that this is a violation of the spirit of the Treaty, whereas, it is a mutual relaxation of coasting restrictions, a violation of the spirit of the British navigation laws, a remnant of barbarism two hundred years old,—a remnant which it is believed every commercial man on either side of the lakes would be glad to see abolished; and it is a subject of regret that the treaty did not abolish this troublesome restriction, at least between us and British North America.

The growth and magnitude of our trade with these Provinces, is so well known that it is not deemed necessary to load this Report with figures and statistics. We only subjoin the aggregate of this trade at three distinct and well defined periods in its history. The first, 1830, when the British navigation and our retaliatory laws were in full operation. The second, 1840, when a relaxation of these measures, produced by Mr. MCLANE's negotiations, had operated for ten years; and the third, in 1855, when the debenture law had been in operation nine, and the Treaty of Reciprocity two years:

1830,	Imports from British North American Provinces	$ 650,309
"	Exports to same	3,786,373
	Total	$4,436,676
1840,	Imports	$2,007,767
"	Exports	6,093,250
	Total	$8,101,017

1855, Imports from Canada	$12,182,314	
" " " other British North American Provinces	2,954,420	
Total imports		$15,136,734
" Exports to Canada	18,720,344	
" do. other British North American Provinces	9,085,676	
Total exports		$27,806,020
Imports and exports total		$42,942,754

It will be perceived that the amount of Exports over Imports, are sufficient to satify those who deem the balance of trade an important element in commercial exchanges.

The discussion of canal and railroad rivalry, and the debenture and coasting laws, does not belong to our subject, but has been forced upon us by Mr. HATCH, who has pressed them into his service in his crusade against the Treaty.

REVENUE.

On the loss of revenue by the Treaty, Mr. HATCH has discanted largely, has taxed his imagination to swell it to a fabulous amount; he has, by a refinement of cruelty, tantalized us by parading the millions we might have pocketed if we had made the free goods pay duty, millions which we could, by no possible scheme, ever touch. The truth is, the little revenue we did enjoy before the Treaty would, under augmented duties and multiplied restrictions, have dwindled to a mere bagatelle.

We have shown incidentally, that the small loss of revenue to the federal government on mineral and forest products, has been restored many fold to the frontier States; that products of the soil in transitue would escape taxation under our debenture law. If New England could be made to yield to the federal treasury every fifth loaf of her Canada bread, and every fifth bushel of her Nova Scotia coal, it would not prove a financial achievement to excite much exultation. It is true, as Mr. HATCH avers, we have numerous Custom Houses on the frontier, and he might have added on the seaboard also, attended with heavy expenses, and yielding little or no revenue. This is incident to our

revenue system; one office collects revenue from the honest importer, while ten officers, with their cutters and numerous officials, are stationed as sentinels, not to collect, but to protect revenue by guarding against fraudulent importations.

We know of no other remedy for this evil on this frontier, than the adoption of the German Zolvarein, which is said to be operating over a population of more than thirty millions. It is, in effect, like collecting the revenues of the lake frontier at Quebec and Portland, and distributing them per capita over the whole region; abolishing Custom Houses by the hundred, and disbanding armies of public functionaries. Some of the most enlightened Statesmen of Canada advocate this reform.

If our exposition of the terms and working of the Treaty is a faithful one, it proves that there has been no infraction of it, that its benefits have proved reciprocal, that the unfriendly, and, as we believe, unwise legislation of Canada, has well nigh proved abortive, and will probably work its own cure. We would remove all coasting restrictions by legislation or by treaty. After this, if the contracting parties can devise other and better means of carrying on their Governments than through the Custom House, then a system of perfect freedom and reciprocity of trade may be inaugurated; then British North America will yield to us all the benefits of Federal States, without the tax and burthen of their Government.

Widely different are the results of Mr. HATCH'S labors; he finds a broken Treaty, conferring great benefits on one party, and inflicting great injuries upon the other. In his zeal to make out a case, he has involved himself in numerous absurdities and contradictions. On the one hand he alarms us by an appalling conspiracy to monopolize the lake trade, and turn all through the St. Lawrence; on the other, scouts

this navigation as worthless, and says Canada sends to our markets six times as much breadstuffs as to the British, through this protected channel. He abuses Canada for "taxing the products of our industry," which means, when explained, for taxing herself when she consumes our fabrics, and still more, when she refuses to take them, and fabricates for herself. He berates her for overwhelming us and our markets with her products, and still more when she withholds and attempts to send them down the St. Lawrence, and that, too, by the gratuitous use of her locks. He complains that Canada West is obliged, by Provincial discriminating and specific duties, to import her tropical and other products through the St. Lawrence, by a circuit of a thousand miles, and at the same time proposes to withhold our debenture facilities, by the operation of which she can escape this imposition and avoid this circuitous voyage. It would seem his commission does not restrict him to the exposure of abuses, but comprehends their cure also. For this purpose he would repeal the Debenture Laws, enforce the coasting restrictions, re-impose duties on the list of free goods, and that, too, perhaps through the agency of the Secretary of the Treasury, (as "a Treaty broken is a Treaty no longer,") without waiting the ten years prescribed by the Treaty, or the action of the Treaty-making power. He would retrace the path of commercial reform, go back a hundred years, to the age of restriction, retaliation and non-intercourse, when two ships of different national character were required to perform the work of one, thus doubling the labor and cost of exchanging commodities.

ALVIN BRONSON, *Chairman.*

OSWEGO, Nov. 1st, 1860.